The state of the s	1. TRANSMITTAL NUMBER:	2. STATE:
TRANSMITTAL AND NOTICE OF APPROVAL OF	1. THANSMITTAL NUMBER:	Louisiana
STATE PLAN MATERIAL		
FOR: HEALTH CARE FINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE	
HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	March 1, 2000	
5. TYPE OF PLAN MATERIAL (Check One):		
☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONS	SIDERED AS NEW PLAN	AMENDMENT
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMEND	MENT (Separate Transmittal for each a	amendment) =
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT: a. FFY 2000 \$ (188.74)	
2 CFR 405.463		387.10)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
	98-15	
ttachment 4.19-A Item 1, page 🌥 7	Same (TN# 97-20) pending	
•		
10. SUBJECT OF AMENDMENT: Reduction of the Medicaid ospitals by seven percent (7%).	Prospective Production	
11. GOVERNOR'S REVIEW (Check One):		
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT ☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED ☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	◯ OTHER, AS SPECIFIED: Treview state plan materi	he Governor does no al.
	S. RETURN TO:	
David Hood by John ho Com	State of Louisiana	
13. TYPED NAME:	Department of Health & Hospitals	
David W. Hood	1201 Capitol Access Road PO Box 91030	
14. TITLE: Secretary	Baton Rouge, LA 70821-	9030
15. DATE SUBMITTED arch 27, 2000		
FOR REGIONAL OFF	CEUSE ONLY	
17. DATE RECEIVED:  MARCH 27, 2000	3 DATE APPROVED: JUNE 6, 2	01
19. EFFECTIVE DATE OF APPROVED MATERIAL:	E COPY ATTACHED C-SIGNATURE OF REGIONAL OFFIC	AL:
MARCH 1, 2000	Jan 1610	
21. TYPED NAME: CALVIN G. CLINE	2. TITLE: ASSOCIATE REGIONAL :	
	DIV OF MEDICAID AND	SIMIE OPERATIONS
23. REMARKS! Pen & int change made po	er State's 5/8/01 le	Her.

#### PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

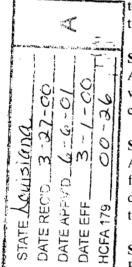
#### METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

# Step 2 - Supplementation.

Operating cost for each hospital was inflated from the midpoint of the base year to the midpoint of the implementation year (December 31, 1994), then arrayed by peer group from high to low to determine the weighted median cost for the peer group. In peer groupings with less than three facilities, the median is used. In the case of a group with only one facility, the facility-specific cost is used. For those hospitals below the weighted median, the operating cost was supplemented by 25% of the difference between the hospital-specific cost per day and the median cost per day for the peer group.

## Step 3 - Cap calculation.

Operating cost for each hospital as determined in Step 2 was arrayed by peer group from high to low to determine the weighted median cost for the peer group. Operating cost for each hospital/unit above the weighted median was capped at the weighted median. Exception: Long term hospitals are capped at the 30<sup>th</sup> percentile facility as reported on the as-filed cost report for the hospital cost report year ending between July 1, 1995 through June 30, 1996.



### Step 4 - Calculation of blended component.

A blended component for each hospital was calculated comprised of 70% of the peer group weighted median and 30% of the hospital-specific component (as supplemented in Step 2 and capped in Step 3).

## Step 5 - Calculation of capped weighted average.

A capped weighted average for each peer group was calculated by multiplying the per diem cost for each hospital (as supplemented in Step 2 and capped in Step 3) by the number of Medicaid days provided by the hospital in 1991, adding the products, then dividing the resulting sum by the total number of Medicaid days in 1991 for all hospitals/units in the group.

# Step 6 - Determination of hospital-specific component.

Each hospital's operating cost component was set at the lower of the hospital's blended rate or the capped weighted average for the peer group.

Costs are inflated for each subsequent non-rebasing year when the state legislature allocates funds for this purpose

#### 6. Calculation of Payment Rates

Individual facility rates are calculated annually by adding together the four components listed above for each facility.

Effective for dates of service March 1, 2000 and after, long term hospitals are reimbursed at 93% of the per diem rate in effect as of February 29, 2000 as calculated in 5. above.

SUPERSEDES: TN . AH 98-15

TN# 00-26 Approval Date 6-60 Effective Date 3-1-00 Supersedes TN# 98-15